

COMMUNITY FUTURES YELLOWHEAD EAST

CONSOLIDATED BALANCE SHEET

MARCH 31, 2016 and 2015

2016

2015

	General Fund	Loan Investment Funds			Total	Total
		Repayable	Nonrepayable	Disabled		
Assets						
Current Assets						
Cash	\$ 35,225	\$ 234,653	\$ 256,803	\$ 72,999	\$ 599,680	\$ 1,526,090
Marketable securities	758,001	-	-	-	758,001	-
Receivables (Note 5)	863	-	-	-	863	822
Interfund receivables	135,528	-	7,210	-	142,738	135,762
Prepaid expenses	-	-	-	-	-	1,496
	<u>929,617</u>	<u>234,653</u>	<u>264,013</u>	<u>72,999</u>	<u>1,501,282</u>	<u>1,664,170</u>
Investments (Note 6)	-	149,727	1,551,747	121,738	1,823,212	1,653,829
Capital (Note 9)	<u>362,841</u>	-	-	-	<u>362,841</u>	<u>379,651</u>
	<u>\$ 1,292,458</u>	<u>\$ 384,380</u>	<u>\$ 1,815,760</u>	<u>\$ 194,737</u>	<u>\$ 3,687,335</u>	<u>\$ 3,697,650</u>
Liabilities and Fund Balances						
Current Liabilities						
Bank debt (Note 10)	\$ 247	\$ -	\$ -	\$ -	\$ 247	\$ 1,989
Payables and deferred revenues	20,634	-	-	-	20,634	16,575
Interfund payables	900	-	-	141,838	142,738	135,762
	<u>21,781</u>	<u>-</u>	<u>-</u>	<u>141,838</u>	<u>163,619</u>	<u>154,326</u>
Fund Balances						
Invested in capital	362,841	-	-	-	362,841	379,651
Externally restricted (Note 11)	-	384,380	1,815,760	52,899	2,253,039	2,271,705
Unrestricted	<u>907,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>907,836</u>	<u>891,968</u>
	<u>1,270,677</u>	<u>384,380</u>	<u>1,815,760</u>	<u>52,899</u>	<u>3,523,716</u>	<u>3,543,324</u>
	<u>\$ 1,292,458</u>	<u>\$ 384,380</u>	<u>\$ 1,815,760</u>	<u>\$ 194,737</u>	<u>\$ 3,687,335</u>	<u>\$ 3,697,650</u>

APPROVED ON BEHALF OF THE BOARD:

Director

Director

SEE ACCOMPANYING NOTES
SUBJECT TO AUDIT REPORT DATED JUNE 10, 2016

COMMUNITY FUTURES YELLOWHEAD EAST

CONSOLIDATED STATEMENT OF INCOME AND CHANGES IN GENERAL FUND BALANCE

YEARS ENDED MARCH 31, 2016 and 2015

	2016	2015
Revenue		
Business Development Fund	\$ 318,136	\$ 345,250
Other contracts	<u>91,012</u>	<u>280,210</u>
	<u>409,148</u>	<u>625,460</u>
Expenses		
Business Development Fund	317,585	331,365
Other contracts	<u>92,505</u>	<u>200,695</u>
	<u>410,090</u>	<u>532,060</u>
Net Income for the Year	(942)	93,400
General Fund Balance, beginning of year	<u>1,271,619</u>	<u>1,178,219</u>
General Fund Balance, end of year	<u>\$ 1,270,677</u>	<u>\$ 1,271,619</u>

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SUBJECT TO AUDIT REPORT DATED JUNE 10, 2016

COMMUNITY FUTURES YELLOWHEAD EAST

CONSOLIDATED STATEMENT OF INCOME AND CHANGES IN RESTRICTED FUND BALANCES

YEARS ENDED MARCH 31, 2016 and 2015

2016

2015

	<u>Loan Investment Funds</u>			<u>Total</u>	<u>Total</u>
	<u>Repayable</u>	<u>Nonrepayable</u>	<u>Disabled</u>		
Revenue					
Investment interest	\$ -	\$ 138,693	\$ 8,433	\$ 147,126	\$ 108,023
Bank interest & net fees	-	3,818	(24)	3,794	(3,605)
	<u>-</u>	<u>142,511</u>	<u>8,409</u>	<u>150,920</u>	<u>104,418</u>
Expenses					
Loan losses (recovery)	-	169,586	-	169,586	50,468
	<u>-</u>	<u>(27,075)</u>	<u>8,409</u>	<u>(18,666)</u>	<u>53,950</u>
Income before the following:					
Federal share of income	-	-	-	-	-
	<u>-</u>	<u>(27,075)</u>	<u>8,409</u>	<u>(18,666)</u>	<u>53,950</u>
Net Income for the year					
	<u>-</u>	<u>(27,075)</u>	<u>8,409</u>	<u>(18,666)</u>	<u>53,950</u>
Fund Balances, beginning	<u>201,033</u>	<u>2,026,182</u>	<u>44,490</u>	<u>2,271,705</u>	<u>2,217,755</u>
Fund Balances, end of year	<u>\$ 201,033</u>	<u>\$ 1,999,107</u>	<u>\$ 52,899</u>	<u>\$ 2,253,039</u>	<u>\$ 2,271,705</u>

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 SUBJECT TO AUDIT REPORT DATED JUNE 10, 2016

COMMUNITY FUTURES YELLOWHEAD EAST

CONSOLIDATED STATEMENT OF CHANGES IN CASH RESOURCES

YEARS ENDED MARCH 31, 2016 and 2015

2016

2015

	General	Loan Investment Funds			Total	Total
	Fund	Repayable	Nonrepayable	Disabled		
Operating Activities						
Net income	\$ (942)	\$ -	\$ (27,075)	\$ 8,409	\$ (19,608)	\$ 147,351
Add: non-working capital charges						
Amortization	<u>16,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,810</u>	<u>18,086</u>
	15,868	-	(27,075)	8,409	(2,798)	165,437
Net changes in non-cash working capital	(130,856)	-	-	-	(130,856)	267,597
Marketable securities	<u>(758,001)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(758,001)</u>	<u>-</u>
	<u>(872,989)</u>	<u>-</u>	<u>(27,075)</u>	<u>8,409</u>	<u>(891,655)</u>	<u>433,034</u>
Investing Activities						
Capital assets disposals (acquisitions)	-	-	-	-	-	(1,747)
Net loan advances	<u>-</u>	<u>96,720</u>	<u>(168,281)</u>	<u>36,806</u>	<u>(34,755)</u>	<u>(266,397)</u>
	<u>-</u>	<u>96,720</u>	<u>(168,281)</u>	<u>36,806</u>	<u>(34,755)</u>	<u>(268,144)</u>
Increase (Decrease) in Cash	(872,989)	96,720	(195,356)	45,215	(926,410)	164,890
Cash, beginning of year	<u>908,214</u>	<u>137,933</u>	<u>452,159</u>	<u>27,784</u>	<u>1,526,090</u>	<u>1,361,200</u>
Cash, end of year	<u>\$ 35,225</u>	<u>\$ 234,653</u>	<u>\$ 256,803</u>	<u>\$ 72,999</u>	<u>\$ 599,680</u>	<u>\$ 1,526,090</u>

SEE ACCOMPANYING NOTES
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COMMUNITY FUTURES YELLOWHEAD EAST

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016 and 2015

1. Purpose of the Organization

Community Futures Yellowhead East is a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The corporation is incorporated under the Statutes of Alberta as a not for profit organization. It is exempt from income taxes under the Income Tax Act as a non-profit organization.

2. Summary of Significant Accounting Policies

Community Futures Yellowhead East follows the restricted method of accounting for contributions.

The General Fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. The organization is restricted in the types of loans that can be made according to its agreement with the federal government.

Loans receivable

Loans receivable consist of various loans to businesses with repayment terms from two to ten years, with interest at the rate of prime plus two per cent per annum with a minimum rate of 5.25 per cent per annum. The corporation holds various types of security. To qualify for financial assistance, the borrower must have shown inability to obtain financing from conventional lenders. Accordingly, sufficient security may not exist to recover all loans in the event of default. Provision has been made for potential loan losses as indicated in Note 8.

Capital assets

Capital assets are recorded at cost. Amortization is calculated using a declining balance method at the following annual rates:

Office building	4 %
Office equipment	20 %
Computer equipment	30 %
Vehicles	30 %

Only one-half of these rates are used in the year of acquisition.

Revenue Recognition

Revenue is recognized when the requirements as to performance for transactions involving the sale of goods are met and ultimate collection is reasonably assured at the time of performance.

3. Financial Instruments

The company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

COMMUNITY FUTURES YELLOWHEAD EAST

4. Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they became known.

5. Receivables

	2016	2015
Customers	\$ <u>863</u>	\$ <u>822</u>

6. Investments

	2016	2015
Western Economic Diversification Fund		
Loans receivable (restricted and unrestricted)	\$ 1,731,932	\$ 1,681,927
Less: provision for loan losses	<u>30,458</u>	<u>180,566</u>
Net loans receivable	\$ <u>1,701,474</u>	\$ <u>1,501,361</u>
Disability Investment Fund		
Loans receivable	\$ 121,738	\$ 152,467
Less: provision for loan losses	<u>-</u>	<u>-</u>
Net loans receivable	\$ <u>121,738</u>	\$ <u>152,467</u>

7. Impaired Loans

	2016			2015
Impaired loans and the related allowance for credit losses are as follows:				
	Gross Loans	General Allowance	Specific Allowance	Carrying Amount
General investment fund	\$ 50,799	\$ -	\$ 30,458	\$ 20,341
Disability investment fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>50,799</u>	\$ <u>-</u>	\$ <u>30,458</u>	\$ <u>20,341</u>

COMMUNITY FUTURES YELLOWHEAD EAST

8. Allowance for Credit Losses

An allowance for losses on investment loans is made based on expected loan default rates, potential loss-ratios and review of loan portfolios, as determined by management as follows:

	2015 Balance	Provision for Losses	2016 Balance
General investment fund	\$ 180,566	\$ (150,108)	\$ 30,458
Disability investment fund	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 180,566</u>	<u>\$ (150,108)</u>	<u>\$ 30,458</u>

9. Property, Plant and Equipment

			2016	2015
	Cost	Accumulated Amortization	Net	Net
Office building	\$ 403,303	\$ 46,486	\$ 356,817	\$ 371,684
Office equipment	60,766	57,191	3,575	4,469
Computer equipment	<u>67,607</u>	<u>65,158</u>	<u>2,449</u>	<u>3,498</u>
	<u>\$ 531,676</u>	<u>\$ 168,835</u>	<u>\$ 362,841</u>	<u>\$ 379,651</u>

10. Bank Indebtedness

Bank indebtedness bears interest at 18.5 per cent per annum and consists of the following:

	2016	2015
Bank overdraft	\$ -	\$ -
Corporate credit card	<u>247</u>	<u>1,989</u>
	<u>\$ 247</u>	<u>\$ 1,989</u>

As collateral for the bank indebtedness the company has pledged a Registered General Security Agreement and a General Assignment of accounts receivable.

COMMUNITY FUTURES YELLOWHEAD EAST

11. Externally Restricted Net Assets

Major categories of externally imposed restrictions on net assets are as follows:

	2016	2015
General Fund		
Restricted to specific projects	\$ -	\$ -
Loan Investment Funds		
Loan Investment Funds restricted to loan and equity investments to entrepreneurs		
General	2,200,140	2,227,215
Disability	<u>52,899</u>	<u>44,490</u>
	<u>\$ 2,253,039</u>	<u>\$ 2,271,705</u>

12. Lease Commitments

The organization has leased accommodations with the following minimum annual lease payments.

2017	\$ -
2018	-
2019	<u>-</u>
	<u>\$ -</u>

13. Economic Dependence

The organization receives 76% of its operating revenues from the federal government.

COMMUNITY FUTURES YELLOWHEAD EAST

STATEMENT OF BUSINESS DEVELOPMENT FUND OPERATIONS

YEARS ENDED MARCH 31, 2016 and 2015

	2016	2015
Revenue		
Western Economic Diversification contributions	\$ 294,963	\$ 294,963
Career and Education Expo	-	37,200
Contract revenue	7,450	10,035
Consulting fees	950	715
Other revenue	<u>14,773</u>	<u>2,337</u>
	<u>\$ 318,136</u>	<u>\$ 345,250</u>

COMMUNITY FUTURES YELLOWHEAD EAST

STATEMENT OF BUSINESS DEVELOPMENT FUND OPERATIONS

YEARS ENDED MARCH 31, 2016 and 2015

2016

2015

Wage Expense

Wages and benefits	\$ 172,470	\$ 151,932
Employer CPP/EI	<u>16,376</u>	<u>11,904</u>
	<u>188,846</u>	<u>163,836</u>

Professional Expenses

Credit/reference searches	596	168
Training - staff and board	8,188	4,175
Business services	1,971	4,106
Professional fees	<u>10,209</u>	<u>8,707</u>
	<u>20,964</u>	<u>17,156</u>

Administration and Other

Advertising and promotions	20,644	34,517
Bank charges and interest	757	1,707
Photocopier and computer costs	7,261	2,116
Insurance	3,921	4,129
Office/supplies expense	10,645	13,098
Postage	323	414
Accommodations rental	1,049	-
Property taxes	4,660	5,966
Seminar course costs	-	13,007
Telecommunications	3,900	7,409
Travel (board)	10,658	16,396
Travel (staff)	15,793	13,518
Contract expense	11,354	20,010
Amortization	<u>16,810</u>	<u>18,086</u>
	<u>107,775</u>	<u>150,373</u>

Total Expenses

317,585 331,365

Net

\$ 551 \$ 13,885